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Original

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Security Information

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DDI-17-54

DATE: 18 June 1953

MEMORANDUM FOR: Project Review Committee

THRU : Deputy Director/Intelligence

SUBJECT : Proposed external research project on industrial requirements.

Problem

To obtain detailed information about the requirements of US industries for services, materials and industrial products which will be used to estimate the corresponding requirements of Soviet industries for the ultimate purpose of estimating the economic capabilities and vulnerabilities of the USSR.

Discussion

1. The Division of Interindustry Studies, Bureau of Labor Statistics, has been engaged for three years in an exhaustive study of various characteristics of the 450 industries of the US, including their service, materials, and industrial requirements. This study has been financed by the Air Force at a cost of three million dollars.

2. Significant portions of the study have not yet been processed and are, therefore, not in usable form. The Air Force has recently disclaimed responsibility for further processing of the data and severe reductions in force in prior commitments of the Division of Interindustry Studies preclude further work on the project by that agency without outside assistance.

3. Among the materials still in need of reviewing, reconciling, and editing is information of vital importance to ORR. This information relates to the input structure (service, materials, and industrial requirements), output (finished products), and the distribution of this output. Analysis of these minutely detailed data for nearly all of the industries of this country is required as a guide to a systematic estimate of the capabilities of an industrial system.

5. The Bureau of Labor Statistics has the only team of specialized professional personnel competent to complete the studies required by ORR. Informal discussions between ORR representatives and the Chief of the Division of Interindustry Studies, arising from a related project recently submitted by ORR, reveal that the Bureau of Labor Statistics could fulfill the Agency's requirements in about six months at an estimated cost of \$11,000 (see TAB A). This estimate covers cost of staff time for preparing tables for 100 industries. For each industry three tables will be prepared. Table I presents the basic

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industry accounts giving important control totals. Table II covers distribution of inputs to the industry and Table III presents the distribution of output of the industry. For each figure a complete documentation and methodology will be given. For approximately the same cost variations in the number of input and output tables could be made (see TAB A).

6. The project will be unclassified. No revelation of classified CIA materials will be involved. Mr. Sidney Jaffe of the Division of Interindustry Studies will supervise the project for BLS. The project will be monitored by [REDACTED] of CIA.

7. Members of the Economic Intelligence Committee have been informed of this proposed project and the members of EIC Subcommittee on Economic Analysis have discussed it. It has been determined that the project does not duplicate any work of the agencies represented on the Committee. EIC members have no modifications to suggest.

Recommendation

- a) That the project be approved as outlined.
- b) That a budget allotment of \$11,000 for fiscal year 1954 be authorized to reimburse the Bureau of Labor Statistics for the cost of this project.

[REDACTED]  
OTTO E. GUYHE  
Assistant Director  
Research and Reports

CONCURRENCE:

[REDACTED]  
*acting*  
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CONCURRENCE:

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Director, Security Office

APPROVED subject to  
security regulations

[REDACTED]  
ROBERT AMORY, JR.  
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